

SENATE BILL

No. 21

Introduced by Committee on Budget and Fiscal Review

March 3, 2003

An act to amend Sections 11453, 11462, 11463, 11466.2, 11466.35, 12201, and 12201.03 of the Welfare and Institutions Code, relating to public social services, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 21, as introduced, Committee on Budget and Fiscal Review. Public social services.

(1) Existing federal law provides for allocation of federal funds through the federal Temporary Assistance for Needy Families (TANF) block grant program to eligible states. Existing law provides for the California Work Opportunity and Responsibility to Kids (CalWORKs) program for the allocation of federal funds received through the TANF program, under which each county provides cash assistance and other benefits to qualified low-income families.

Existing law establishes maximum aid grant amounts to be provided under the CalWORKs program, and provides, with certain exceptions, that the aid grant amounts shall be adjusted annually to reflect any increases or decreases in the cost of living. Existing law provides that in any fiscal year commencing with the 2001–02 fiscal year through the 2003–04 fiscal year, when there is an increase in tax relief in the vehicle license fee, then the cost-of-living increase in CalWORKs maximum aid payment levels shall occur, and, with respect to any of those fiscal years where there is no vehicle license fee tax relief, any maximum aid payment level cost-of-living increase shall be suspended.

Existing law requires that a cost-of-living adjustment to the maximum aid payments be made for the 2002–03 fiscal year that would become effective June 1, 2003, notwithstanding the above provision.

This bill would instead prohibit any cost-of-living adjustment to the maximum aid payments to be made under the CalWORKs program for the 2002–03 fiscal year.

(2) Existing law, pursuant to the Aid to Families with Dependent Children-Foster Care (AFDC-FC) program, requires that foster care providers licensed as group homes have rates established by classifying each group home program and applying the standardized schedule of rates. Existing law requires the State Department of Social Services to collect information from group providers in order to classify each group home program. Existing law also requires the department to develop, implement, and maintain a ratesetting system for foster family agencies. Group home and foster family agency ratesetting provisions contain annual cost-of-living adjustment requirements, as prescribed.

This bill would require the department to determine the rate classification level for each group home program and the rates for foster family agency programs on a biennial basis as prescribed. It would require the department to implement these requirements through the adoption of emergency regulations.

(3) Existing AFDC-FC provisions require the department to perform or have performed group home program and fiscal audits as needed.

This bill would provide that an audit period may be less than the period of time for which the rate is established.

(4) Existing law provides for the state Supplementary Program for the Aged, Blind and Disabled (SSP), which requires the State Department of Social Services to contract with the United States Secretary of Health and Human Services to make payments to SSP recipients to supplement supplemental security income (SSI) payments made available pursuant to the federal Social Security Act.

Existing law provides for the annual adjustment of benefits under the SSP program based on changes in the cost of living, with certain exceptions, and specifies that the adjustment of the benefits shall become effective January 1 of each year. Existing law provides that for the 2003 calendar year, the cost-of-living adjustment shall become effective June 1, 2003.

This bill would instead prohibit any cost-of-living adjustment of benefits to be made for the 2003 calendar year.



(5) Existing law provides that for calendar years 1992 to 1998, inclusive, or for the period of January 1, 2003, to May 31, 2003, inclusive, and commencing with the 2004 calendar year, and thereafter, if no cost-of-living adjustment is made, the SSP payment schedules shall include the pass along of any cost-of-living increases in federal benefits under the federal Social Security Act.

This bill would expand the application of the above provision to include all of calendar year 2003.

(6) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 11453 of the Welfare and Institutions
2 Code is amended to read:
3 11453. (a) Except as provided in subdivision (c), the amounts
4 set forth in Section 11452 and subdivision (a) of Section 11450
5 shall be adjusted annually by the department to reflect any
6 increases or decreases in the cost of living. These adjustments shall
7 become effective July 1 of each year, unless otherwise specified by
8 the Legislature. For the 2000–01 fiscal year to the 2003–04 fiscal
9 year, inclusive, these adjustments shall become effective October
10 1 of each year. The cost-of-living adjustment shall be calculated
11 by the Department of Finance based on the changes in the
12 California Necessities Index, which as used in this section means
13 the weighted average changes for food, clothing, fuel, utilities,
14 rent, and transportation for low-income consumers. The
15 computation of annual adjustments in the California Necessities
16 Index shall be made in accordance with the following steps:
17 (1) The base period expenditure amounts for each expenditure
18 category within the California Necessities Index used to compute
19 the annual grant adjustment are:
20

| | | |
|---|-------------------------------------|----------|
| 1 | Food | \$ 3,027 |
| 2 | Clothing (apparel and upkeep) | 406 |
| 3 | Fuel and other utilities | 529 |
| 4 | Rent, residential | 4,883 |
| 5 | Transportation | 1,757 |
| 6 | | |
| 7 | Total | \$10,602 |

(2) Based on the appropriate components of the Consumer Price Index for All Urban Consumers, as published by the United States Department of Labor, Bureau of Labor Statistics, the percentage change shall be determined for the 12-month period ending with the December preceding the year for which the cost-of-living adjustment will take effect, for each expenditure category specified in subdivision (a) within the following geographical areas: Los Angeles-Long Beach-Anaheim, San Francisco-Oakland, San Diego, and, to the extent statistically valid information is available from the Bureau of Labor Statistics, additional geographical areas within the state which include not less than 80 percent of recipients of aid under this chapter.

(3) Calculate a weighted percentage change for each of the expenditure categories specified in subdivision (a) using the applicable weighting factors for each area used by the State Department of Industrial Relations to calculate the California Consumer Price Index (CCPI).

(4) Calculate a category adjustment factor for each expenditure category in subdivision (a) by (1) adding 100 to the applicable weighted percentage change as determined in paragraph (2) and (2) dividing the sum by 100.

(5) Determine the expenditure amounts for the current year by multiplying each expenditure amount determined for the prior year by the applicable category adjustment factor determined in paragraph (4).

(6) Determine the overall adjustment factor by dividing (1) the sum of the expenditure amounts as determined in paragraph (4) for the current year by (2) the sum of the expenditure amounts as determined in subdivision (d) for the prior year.

(b) The overall adjustment factor determined by the preceding computation steps shall be multiplied by the schedules established pursuant to Section 11452 and subdivision (a) of Section 11450 as

are in effect during the month of June preceding the fiscal year in which the adjustments are to occur and the product rounded to the nearest dollar. The resultant amounts shall constitute the new schedules ~~which~~ *that* shall be filed with the Secretary of State.

(c) (1) No adjustment to the maximum aid payment set forth in subdivision (a) of Section 11450 shall be made under this section for the purpose of increasing the benefits under this chapter for the 1990–91, 1991–92, 1992–93, 1993–94, 1994–95, 1995–96, 1996–97, and 1997–98 fiscal years, and through October 31, 1998, to reflect any change in the cost of living. For the 1998–99 fiscal year, the cost-of-living adjustment that would have been provided on July 1, 1998, pursuant to subdivision (a) shall be made on November 1, 1998. Elimination of the cost-of-living adjustment pursuant to this paragraph shall satisfy the requirements of Section 11453.05, and no further reduction shall be made pursuant to that section.

(2) No adjustment to the minimum basic standard of adequate care set forth in Section 11452 shall be made under this section for the purpose of increasing the benefits under this chapter for the 1990–91 and 1991–92 fiscal years to reflect any change in the cost of living.

(3) In any fiscal year commencing with the 2000–01 fiscal year to the 2003–04 fiscal year, inclusive, when there is any increase in tax relief pursuant to the applicable paragraph of subdivision (a) of Section 10754 of the Revenue and Taxation Code, then the increase pursuant to subdivision (a) of this section shall occur. In any fiscal year commencing with the 2000–01 fiscal year to the 2003–04 fiscal year, inclusive, when there is no increase in tax relief pursuant to the applicable paragraph of subdivision (a) of Section 10754 of the Revenue and Taxation Code, then any increase pursuant to subdivision (a) of this section shall be suspended.

(4) Notwithstanding paragraph (3), ~~an~~ *no* adjustment to the maximum aid payments set forth in subdivision (a) of Section 11450 shall be made under this section for the 2002–03 fiscal year; ~~but the adjustment shall become effective June 1, 2003.~~

(d) Adjustments for subsequent fiscal years pursuant to this section shall not include any adjustments for any fiscal year in which the cost of living was suspended pursuant to subdivision (c).

1 SEC. 2. Section 11462 of the Welfare and Institutions Code is
2 amended to read:

3 11462. (a) (1) Effective July 1, 1990, foster care providers
4 licensed as group homes, as defined in departmental regulations,
5 including public child care institutions, as defined in Section
6 11402.5, shall have rates established by classifying each group
7 home program and applying the standardized schedule of rates.
8 The department shall collect information from group providers
9 beginning January 1, 1990, in order to classify each group home
10 program.

11 (2) Notwithstanding paragraph (1), foster care providers
12 licensed as group homes shall have rates established only if the
13 group home is organized and operated on a nonprofit basis as
14 required under subdivision (h) of Section 11400. The department
15 shall terminate the rate effective January 1, 1993, of any group
16 home not organized and operated on a nonprofit basis as required
17 under subdivision (h) of Section 11400.

18 (3) *The department shall determine, consistent with the*
19 *requirements of this chapter and other relevant requirements under*
20 *law, the rate classification level (RCL) for each group home*
21 *program on a biennial basis. Submission of the biennial rate*
22 *application shall be made according to a schedule determined by*
23 *the department. The department shall implement this paragraph*
24 *through the adoption of emergency regulations.*

25 (b) A group home program shall be initially classified, for
26 purposes of emergency regulations, according to the level of care
27 and services to be provided using a point system developed by the
28 department and described in the report, “The Classification of
29 Group Home Programs under the Standardized Schedule of Rates
30 System,” prepared by the State Department of Social Services,
31 August 30, 1989.

32 (c) The rate for each ~~rate classification level (RCL)~~ RCL has
33 been determined by the department with data from the AFDC-FC
34 Group Home Rate Classification Pilot Study. The rates effective
35 July 1, 1990, were developed using 1985 calendar year costs and
36 reflect adjustments to the costs for each fiscal year, starting with
37 the 1986–87 fiscal year, by the amount of the California
38 Necessities Index computed pursuant to the methodology
39 described in Section 11453. The data obtained by the department

1 using 1985 calendar year costs shall be updated and revised by
2 January 1, 1993.

3 (d) As used in this section, “standardized schedule of rates”
4 means a listing of the 14 rate classification levels, and the single
5 rate established for each RCL.

6 (e) Except as specified in paragraph (1), the department shall
7 determine the RCL for each group home program on a prospective
8 basis, according to the level of care and services that the group
9 home operator projects will be provided during the period of time
10 for which the rate is being established.

11 (1) (A) For new and existing providers requesting the
12 establishment of an RCL, and for existing group home programs
13 requesting an RCL increase, the department shall determine the
14 RCL no later than 13 months after the effective date of the
15 provisional rate. The determination of the RCL shall be based on
16 a program audit of documentation and other information that
17 verifies the level of care and supervision provided by the group
18 home program during a period of the two full calendar months or
19 60 consecutive days, whichever is longer, preceding the date of the
20 program audit, unless the group home program requests a lower
21 RCL. The program audit shall not cover the first six months of
22 operation under the provisional rate. Pending the department’s
23 issuance of the program audit report that determines the RCL for
24 the group home program, the group home program shall be eligible
25 to receive a provisional rate that shall be based on the level of care
26 and service that the group home program proposes it will provide.
27 The group home program shall be eligible to receive only the RCL
28 determined by the department during the pendency of any appeal
29 of the department’s RCL determination.

30 (B) A group home program may apply for an increase in its
31 RCL no earlier than two years from the date the department has
32 determined the group home program’s rate, unless the host county,
33 the primary placing county, or a regional consortium of counties
34 submits to the department in writing that the program is needed in
35 that county, that the provider is capable of effectively and
36 efficiently operating the proposed program, and that the provider
37 is willing and able to accept AFDC-FC children for placement who
38 are determined by the placing agency to need the level of care and
39 services that will be provided by the program.

1 (C) To ensure efficient administration of the department's audit
2 responsibilities, and to avoid the fraudulent creation of records,
3 group home programs shall make records that are relevant to the
4 RCL determination available to the department in a timely manner.
5 Except as provided in this section, the department may refuse to
6 consider, for purposes of determining the rate, any documents that
7 are relevant to the determination of the RCL that are not made
8 available by the group home provider by the date the group home
9 provider requests a hearing on the department's RCL
10 determination. The department may refuse to consider for
11 purposes of determining the rate, the following records, unless the
12 group home provider makes the records available to the
13 department during the field work portion of the department's
14 program audit:

15 (i) Records of each employee's full name, home address,
16 occupation, and social security number.

17 (ii) Time records showing when the employee begins and ends
18 each work period, meal periods, split shift intervals, and total daily
19 hours worked.

20 (iii) Total wages paid each payroll period.

21 (iv) Records required to be maintained by licensed group home
22 providers under the provisions of Title 22 of the California Code
23 of Regulations that are relevant to the RCL determination.

24 (D) To minimize financial abuse in the startup of group home
25 programs, when the department's RCL determination is more than
26 three levels lower than the RCL level proposed by the group home
27 provider, and the group home provider does not appeal the
28 department's RCL determination, the department shall terminate
29 the rate of a group home program 45 days after issuance of its
30 program audit report. When the group home provider requests a
31 hearing on the department's RCL determination, and the RCL
32 determined by the director under subparagraph (E) is more than
33 three levels lower than the RCL level proposed by the group home
34 provider, the department shall terminate the rate of a group home
35 program within 30 days of issuance of the director's decision.
36 Notwithstanding the reapplication provisions in subparagraph (B),
37 the department shall deny any request for a new or increased RCL
38 from a group home provider whose RCL is terminated pursuant to
39 this subparagraph, for a period of no greater than two years from
40 the effective date of the RCL termination.

1 (E) A group home provider may request a hearing of the
2 department's RCL determination under subparagraph (A) no later
3 than 30 days after the date the department issues its RCL
4 determination. The department's RCL determination shall be final
5 if the group home provider does not request a hearing within the
6 prescribed time. Within 60 days of receipt of the request for
7 hearing, the department shall conduct a hearing on the RCL
8 determination. The standard of proof shall be the preponderance
9 of the evidence and the burden of proof shall be on the department.
10 The hearing officer shall issue the proposed decision within 45
11 days of the close of the evidentiary record. The director shall
12 adopt, reject, or modify the proposed decision, or refer the matter
13 back to the hearing officer for additional evidence or findings
14 within 100 days of issuance of the proposed decision. If the
15 director takes no action on the proposed decision within the
16 prescribed time, the proposed decision shall take effect by
17 operation of law.

18 (2) Group home programs that fail to maintain at least the level
19 of care and services associated with the RCL upon which their rate
20 was established shall inform the department. The department shall
21 develop regulations specifying procedures to be applied when a
22 group home fails to maintain the level of services projected,
23 including, but not limited to, rate reduction and recovery of
24 overpayments.

25 (3) The department shall not reduce the rate, establish an
26 overpayment, or take other actions pursuant to paragraph (2) for
27 any period that a group home program maintains the level of care
28 and services associated with the RCL for children actually residing
29 in the facility. Determinations of levels of care and services shall
30 be made in the same way as modifications of overpayments are
31 made pursuant to paragraph (2) of subdivision (b) of Section
32 11466.2.

33 (4) A group home program that substantially changes its
34 staffing pattern from that reported in the group home program
35 statement shall provide notification of this change to all counties
36 that have placed children currently in care. This notification shall
37 be provided whether or not the RCL for the program may change
38 as a result of the change in staffing pattern.

39 (f) (1) The standardized schedule of rates for fiscal year
40 2002-03 is:

| 1 | Rate | Point Ranges | FY 2002–03 |
|----|----------------|--------------|------------|
| 2 | Classification | | Standard |
| 3 | Level | | Rate |
| 4 | 1 | Under 60 | \$1,454 |
| 5 | 2 | 60–89 | 1,835 |
| 6 | 3 | 90–119 | 2,210 |
| 7 | 4 | 120–149 | 2,589 |
| 8 | 5 | 150–179 | 2,966 |
| 9 | 6 | 180–209 | 3,344 |
| 10 | 7 | 210–239 | 3,723 |
| 11 | 8 | 240–269 | 4,102 |
| 12 | 9 | 270–299 | 4,479 |
| 13 | 10 | 300–329 | 4,858 |
| 14 | 11 | 330–359 | 5,234 |
| 15 | 12 | 360–389 | 5,613 |
| 16 | 13 | 390–419 | 5,994 |
| 17 | 14 | 420 & Up | 6,371 |

18
 19 (2) (A) For group home programs that receive AFDC-FC
 20 payments for services performed during the 2002–03 fiscal year,
 21 the adjusted RCL point ranges below shall be used in performing
 22 program audits and in determining any resulting rate reduction,
 23 overpayment assessment, or other actions pursuant to paragraph
 24 (2) of subdivision (e):

| 26 | Rate | Adjusted |
|----|----------------|--------------|
| 27 | Classification | Point Ranges |
| 28 | Level | for 2002–03 |
| 29 | 1 | Under 54 |
| 30 | 2 | 54–81 |
| 31 | 3 | 82–110 |
| 32 | 4 | 111–138 |
| 33 | 5 | 139–167 |
| 34 | 6 | 168–195 |
| 35 | 7 | 196–224 |
| 36 | 8 | 225–253 |
| 37 | 9 | 254–281 |
| 38 | 10 | 282–310 |
| 39 | 11 | 311–338 |
| 40 | 12 | 339–367 |

| | | |
|---|----|----------|
| 1 | 13 | 368–395 |
| 2 | 14 | 396 & Up |

3

4 (B) Notwithstanding subparagraph (A), foster care providers
 5 operating group homes during the 2002–03 fiscal year shall
 6 remain responsible for ensuring the health and safety of the
 7 children placed in their programs in accordance with existing
 8 applicable provisions of the Health and Safety Code and
 9 community care licensing regulations, as contained in Title 22 of
 10 the Code of California Regulations.

11 (C) Subparagraph (A) shall not apply to program audits of
 12 group home programs with provisional rates established pursuant
 13 to paragraph (1) of subdivision (e). For those program audits, the
 14 RCL point ranges in paragraph (1) shall be used.

15 (g) (1) (A) For the 1999–2000 fiscal year, the standardized
 16 rate for each RCL shall be adjusted by an amount equal to the
 17 California Necessities Index computed pursuant to the
 18 methodology described in Section 11453. The resultant amounts
 19 shall constitute the new standardized schedule of rates, subject to
 20 further adjustment pursuant to subparagraph (B).

21 (B) In addition to the adjustment in subparagraph (A),
 22 commencing January 1, 2000, the standardized rate for each RCL
 23 shall be increased by 2.36 percent, rounded to the nearest dollar.
 24 The resultant amounts shall constitute the new standardized
 25 schedule of rates.

26 (2) Beginning with the 2000–01 fiscal year, the standardized
 27 schedule of rates shall be adjusted annually by an amount equal to
 28 the CNI computed pursuant to Section 11453, subject to the
 29 availability of funds. The resultant amounts shall constitute the
 30 new standardized schedule of rates.

31 (3) Effective January 1, 2001, the amount included in the
 32 standard rate for each Rate Classification Level for the salaries,
 33 wages, and benefits for staff providing child care and supervision
 34 or performing social work activities, or both, shall be increased by
 35 10 percent. This additional funding shall be used by group home
 36 programs solely to supplement staffing, salaries, wages, and
 37 benefit levels of staff specified in this paragraph. The standard rate
 38 for each RCL shall be recomputed using this adjusted amount and
 39 the resultant rates shall constitute the new standardized schedule
 40 of rates. The department may require a group home receiving this



1 additional funding to certify that the funding was utilized in
2 accordance with the provisions of this section.

3 (h) The standardized schedule of rates pursuant to subdivisions
4 (f) and (g) shall be implemented as follows:

5 (1) Any group home program which received an AFDC-FC
6 rate in the prior fiscal year at or above the standard rate for the RCL
7 in the current fiscal year shall continue to receive that rate.

8 (2) Any group home program which received an AFDC-FC
9 rate in the prior fiscal year below the standard rate for the RCL in
10 the current fiscal year shall receive the RCL rate for the current
11 year.

12 (i) (1) The department shall not establish a rate for a new
13 program of a new or existing provider unless the provider submits
14 a recommendation from the host county, the primary placing
15 county, or a regional consortium of counties that the program is
16 needed in that county; that the provider is capable of effectively
17 and efficiently operating the program; and that the provider is
18 willing and able to accept AFDC-FC children for placement who
19 are determined by the placing agency to need the level of care and
20 services that will be provided by the program.

21 (2) The department shall encourage the establishment of
22 consortia of county placing agencies on a regional basis for the
23 purpose of making decisions and recommendations about the need
24 for, and use of, group home programs and other foster care
25 providers within the regions.

26 (3) The department shall annually conduct a county-by-county
27 survey to determine the unmet placement needs of children placed
28 pursuant to Section 300 and Section 601 or 602, and shall publish
29 its findings by November 1 of each year.

30 (j) The department shall develop regulations specifying
31 ratesetting procedures for program expansions, reductions, or
32 modifications, including increases or decreases in licensed
33 capacity, or increases or decreases in level of care or services.

34 (k) (1) For the purpose of this subdivision, “program change”
35 means any alteration to an existing group home program planned
36 by a provider that will increase the RCL or AFDC-FC rate. An
37 increase in the licensed capacity or other alteration to an existing
38 group home program that does not increase the RCL or AFDC-FC
39 rate shall not constitute a program change.

(2) For the 1998–99, 1999–2000, and 2000–01 fiscal years, the rate for a group home program shall not increase, as the result of a program change, from the rate established for the program effective July 1, 2000, and as adjusted pursuant to subparagraph (B) of paragraph (1) of subdivision (g), except as provided in paragraph (3).

(3) (A) For the 1998–99, 1999–2000, and 2000–01 fiscal years, the department shall not establish a rate for a new program of a new or existing provider or approve a program change for an existing provider that either increases the program’s RCL or AFDC-FC rate, or increases the licensed capacity of the program as a result of decreases in another program with a lower RCL or lower AFDC-FC rate that is operated by that provider, unless both of the conditions specified in this paragraph are met.

(i) The licensee obtains a letter of recommendation from the host county, primary placing county, or regional consortium of counties regarding the proposed program change or new program.

(ii) The county determines that there is no increased cost to the General Fund.

(B) Notwithstanding subparagraph (A), the department may grant a request for a new program or program change, not to exceed 25 beds, statewide, if (i) the licensee obtains a letter of recommendation from the host county, primary placing county, or regional consortium of counties regarding the proposed program change or new program, and (ii) the new program or program change will result in a reduction of referrals to state hospitals during the 1998–99 fiscal year.

(l) General unrestricted or undesignated private charitable donations and contributions made to charitable or nonprofit organizations shall not be deducted from the cost of providing services pursuant to this section. The donations and contributions shall not be considered in any determination of maximum expenditures made by the department.

(m) The department shall, by October 1 each year, commencing October 1, 1992, provide the Joint Legislative Budget Committee with a list of any new departmental requirements established during the previous fiscal year concerning the operation of group homes, and of any unusual, industrywide increase in costs associated with the provision of group care which may have significant fiscal impact on providers

1 of group homes care. The committee may, in fiscal year 1993–94
2 and beyond, use the list to determine whether an appropriation for
3 rate adjustments is needed in the subsequent fiscal year.

4 SEC. 3. Section 11463 of the Welfare and Institutions Code is
5 amended to read:

6 11463. (a) The department, with the advice, assistance, and
7 cooperation of the counties and foster care providers, shall
8 develop, implement, and maintain a ratesetting system for foster
9 family agencies.

10 No county shall be reimbursed for any percentage increases in
11 payments, made on behalf of AFDC-FC funded children who are
12 placed with foster family agencies, ~~which~~—that exceed the
13 percentage cost-of-living increase provided in any fiscal year
14 beginning on January 1, 1990, as specified in subdivision (c) of
15 Section 11461.

16 (b) The department shall develop regulations specifying the
17 purposes, types, and services of foster family agencies, including
18 the use of those agencies for the provision of emergency shelter
19 care. Distinction for ratesetting purposes shall be drawn between
20 foster family agencies which provide treatment of children in
21 foster families and those ~~which~~—that provide nontreatment
22 services.

23 (c) The department shall develop and maintain regulations
24 specifying the procedure for the appeal of department decisions
25 about the setting of an agency's rate.

26 (d) On and after July 1, 1998, the schedule of rates, and the
27 components used in the rate calculations specified in the
28 department's regulations, for foster family agencies shall be
29 increased by 6 percent, rounded to the nearest dollar. The resultant
30 amounts shall constitute the new schedule of rates for foster family
31 agencies.

32 (e) (1) On and after July 1, 1999, the schedule of rates and the
33 components used in the rate calculations specified in the
34 department's regulations for foster family agencies shall be
35 adjusted by an amount equal to the California Necessities Index
36 computed pursuant to Section 11453, rounded to the nearest dollar,
37 subject to the availability of funds. The resultant amounts shall
38 constitute the new schedule of rates for foster family agencies,
39 subject to further adjustment pursuant to paragraph (2).

(2) In addition to the adjustment specified in paragraph (1), commencing January 1, 2000, the schedule of rates and the components used in the rate calculations specified in the department's regulations for foster family agencies shall be increased by 2.36 percent, rounded to the nearest dollar. The resultant amounts shall constitute the new schedule of rates for foster family agencies.

(f) For the 1999–2000 fiscal year, foster family agency rates that are not determined by the schedule of rates set forth in the department's regulations, shall be increased by the same percentage as provided in subdivision (e).

(g) For the 2000–01 fiscal year and each fiscal year thereafter, without a county share of cost, notwithstanding subdivision (c) of Section 15200, the foster family agency rate shall be supplemented by one hundred dollars (\$100) for clothing per year per child in care, subject to the availability of funds. The supplemental payment shall be used to supplement, and shall not be used to supplant, any clothing allowance paid in addition to the foster family agency rate.

(h) In addition to the adjustment made pursuant to subdivision (e), the component for social work activities in the rate calculation specified in the department's regulations for foster family agencies shall be increased by 10 percent, effective January 1, 2001. This additional funding shall be used by foster family agencies solely to supplement staffing, salaries, wages, and benefit levels of staff performing social work activities. The schedule of rates shall be recomputed using the adjusted amount for social work activities. The resultant amounts shall constitute the new schedule of rates for foster family agencies. The department may require a foster family agency receiving this additional funding to certify that the funding was utilized in accordance with the provisions of this section.

(i) The department shall determine, consistent with the requirements of this section and other relevant requirements under law, the rate category for each foster family agency on a biennial basis. Submission of the biennial rate application shall be according to a schedule determined by the department. The department shall implement this subdivision through the adoption of emergency regulations.

SEC. 4. Section 11466.2 of the Welfare and Institutions Code is amended to read:

1 11466.2. (a) The department shall perform or have
2 performed group home program and fiscal audits as needed. *An*
3 *audit period may be less than the period for which the rate is*
4 *established.* Group home programs shall maintain all
5 child-specific, programmatic, personnel, fiscal, and other
6 information affecting group home ratesetting and AFDC-FC
7 payments for a period not less than five years.

8 (b) (1) The department shall develop regulations to correct a
9 group home program's RCL, and to adjust the rate and to recover
10 any overpayments resulting from an overstatement of the
11 projected level of care and services.

12 (2) Beginning in fiscal year 1990–91, the department shall
13 modify the amount of the overpayment pursuant to paragraph (1)
14 in cases where the level of care and services provided per child in
15 placement equals or exceeds the level associated with the
16 program's RCL. In making this modification, the department shall
17 determine whether services other than child care supervision were
18 provided to children in placement in an amount that is at least
19 proportionate on a per child basis to the amount projected in the
20 group home's rate application. In cases where these services are
21 provided in less than a proportionate amount, staffing for child
22 care supervision in excess of its proportionate share shall not be
23 substituted for non-child care supervision staff hours.

24 (c) (1) In any audit conducted by the department, the
25 department, or other public or private audit agency with which the
26 department contracts, shall coordinate with the department's
27 licensing and ratesetting entities so that a consistent set of
28 standards, rules, and auditing protocols are maintained. The
29 department, or other public or private audit agency with which the
30 department contracts, shall make available to all group home
31 providers, in writing, any standards, rules, and auditing protocols
32 to be used in those audits.

33 (2) The department shall provide exit interviews with
34 providers whenever deficiencies found are explained and the
35 opportunity exists for providers to respond. The department shall
36 ~~develop~~ *adopt* regulations specifying the procedure for the appeal
37 of audit findings.

38 SEC. 5. Section 11466.35 of the Welfare and Institutions
39 Code is amended to read:

11466.35. (a) Any licensee who has been determined to owe a sustained overpayment under this chapter, and who, subsequent to notice of the sustained overpayment, has its group home rate terminated, shall be ineligible to apply or receive a rate for any future group home program until the overpayment is repaid.

(b) ~~An annual~~ A rate application shall be denied for a group home provider that meets either of the following conditions:

(1) A provider owing a sustained overpayment under this chapter, upon the occurrence of any additional sustained overpayment, shall be ineligible to apply or receive a rate for an existing or future group home program until the sustained overpayments are repaid, unless a voluntary repayment agreement is approved by the department.

(2) A provider incurring a sustained overpayment that constitutes more than 60 percent of the provider's annual rate reimbursement shall be ineligible to apply or receive a rate for any existing or future group home programs until the sustained overpayments are repaid, unless a voluntary repayment agreement is approved by the department.

SEC. 6. Section 12201 of the Welfare and Institutions Code, is amended to read:

12201. (a) Except as provided in subdivision (d), the payment schedules set forth in Section 12200 shall be adjusted annually to reflect any increases or decreases in the cost of living. ~~Except as provided in subdivision (c), these~~ These adjustments shall become effective January 1 of each year. The cost-of-living adjustment shall be based on the changes in the California Necessities Index, which as used in this section shall be the weighted average of changes for food, clothing, fuel, utilities, rent, and transportation for low-income consumers. The computation of annual adjustments in the California Necessities Index shall be made in accordance with the following steps:

(1) The base period expenditure amounts for each expenditure category within the California Necessities Index used to compute the annual grant adjustment are:

| | | |
|---|-------------------------------------|----------|
| 1 | Food | \$ 3,027 |
| 2 | Clothing (apparel and upkeep) | 406 |
| 3 | Fuel and other utilities | 529 |
| 4 | Rent, residential | 4,883 |
| 5 | Transportation | 1,757 |
| 6 | | |
| 7 | Total | \$10,602 |

(2) Based on the appropriate components of the Consumer Price Index for All Urban Consumers, as published by the United States Department of Labor, Bureau of Labor Statistics, the percentage change shall be determined for the 12-month period which ends 12 months prior to the January in which the cost-of-living adjustment will take effect, for each expenditure category specified in paragraph (1) within the following geographical areas: Los Angeles-Long Beach-Anaheim, San Francisco-Oakland, San Diego, and, to the extent statistically valid information is available from the Bureau of Labor Statistics, additional geographical areas within the state which include not less than 80 percent of recipients of aid under this chapter.

(3) Calculate a weighted percentage change for each of the expenditure categories specified in subdivision (a) using the applicable weighting factors for each area used by the State Department of Industrial Relations to calculate the California Consumer Price Index (CCPI).

(4) Calculate a category adjustment factor for each expenditure category in paragraph (1) by (1) adding 100 to the applicable weighted percentage change as determined in paragraph (2) and (2) dividing the sum by 100.

(5) Determine the expenditure amounts for the current year by multiplying each expenditure amount determined for the prior year by the applicable category adjustment factor determined in paragraph (4).

(6) Determine the overall adjustment factor by dividing (1) the sum of the expenditure amounts as determined in paragraph (4) for the current year by (2) the sum of the expenditure amounts as determined in paragraph (4) for the prior year.

(b) The overall adjustment factor determined by the preceding computational steps shall be multiplied by the payment schedules established pursuant to Section 12200 as are in effect during the

month of December preceding the calendar year in which the adjustments are to occur, and the product rounded to the nearest dollar. The resultant amounts shall constitute the new schedules for the categories given under subdivisions (a), (b), (c), (d), (e), (f), and (g) of Section 12200, and shall be filed with the Secretary of State. The amount as set forth in subdivision (h) of Section 12200 shall be adjusted annually pursuant to this section in the event that the secretary agrees to administer payment under that subdivision. The payment schedule for subdivision (i) of Section 12200 shall be computed as specified, based on the new payment schedules for subdivisions (a), (b), (c), and (d) of Section 12200.

(c) The department shall adjust any amounts of aid under this chapter to insure that the minimum level required by the Social Security Act in order to maintain eligibility for funds under Title XIX of that act is met.

(d) (1) No adjustment shall be made under this section for the 1991, 1992, 1993, 1994, 1995, 1996, 1997, ~~and 1998, and 2003~~ calendar years to reflect any change in the cost of living. Elimination of the cost-of-living adjustment pursuant to this paragraph shall satisfy the requirements of Section 12201.05, and no further reduction shall be made pursuant to that section.

(2) Any cost-of-living adjustment granted under this section for any calendar year shall not include adjustments for any calendar year in which the cost of living was suspended pursuant to paragraph (1).

~~(e) For the 2003 calendar year, the adjustment required by this section shall become effective June 1, 2003.~~

SEC. 7. Section 12201.03 of the Welfare and Institutions Code, is amended to read:

12201.03. (a) For the 1992, 1993, 1994, 1995, 1996, 1997, ~~and 1998, and 2003~~ calendar years, ~~or for the period of January 1, 2003, to May 31, 2003, inclusive,~~ if no cost-of-living adjustment is made pursuant to Section 12201, the payment schedules set forth in Sections 12200, 13920, and 13921, as adjusted pursuant to Section 12201, shall include the pass along of any cost-of-living increases in federal benefits under Subchapter 16 (commencing with Section 1381) of Chapter 7 of Title 42 of the United States Code.

(b) Notwithstanding paragraph (2) of subdivision (d) of Section 12201, any adjustments made pursuant to this section to

1 reflect the pass along of federal cost-of-living adjustments shall be
2 included in the base amounts for purposes of determining
3 cost-of-living adjustments made pursuant to Section 12201.

4 (c) Notwithstanding subdivision (a), no pass along of any
5 cost-of-living increase in federal benefits under Subchapter 16
6 (commencing with Section 1381) of Chapter 7 of Title 42 of the
7 United States Code shall be made in 1994. This provision shall not
8 apply to those persons receiving payments pursuant to
9 subdivisions (e), (g), and (h) of Section 12200.

10 (d) Notwithstanding subdivision (a), in no event shall the
11 payment schedules be reduced below the level required by the
12 federal Social Security Act in order to maintain eligibility for
13 federal funding under Title XIX of the federal Social Security Act,
14 contained in Subchapter 19 (commencing with Section 1396) of
15 Chapter 7 of Title 42 of the United States Code.

16 SEC. 8. This act is an urgency statute necessary for the
17 immediate preservation of the public peace, health, or safety
18 within the meaning of Article IV of the Constitution and shall go
19 into immediate effect. The facts constituting the necessity are:

20 In order to make the necessary statutory changes to implement
21 budget reductions at the earliest possible time, it is necessary that
22 this act take effect immediately.

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